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C O N F I D E N T I A L SECTION 01 OF 02 BUCHAREST 000287

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C O R R E C T E D C O P Y (MISSING PARAGRAPH)

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STATE FOR EUR/NCE BILL SILKWORTH

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TAGS: [PREL](#) [ECON](#) [PBTS](#) [MD](#) [UP](#) [RO](#)  
SUBJECT: ROMANIAN AND UKRAINIAN VIEWS ON PRESIDENT  
BASESCU'S RECENT VISIT TO KIEV

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Classified By: CLASSIFIED BY DCM MARK TAPLIN FOR REASONS 1.4 (B), (D) A  
ND (E)

¶1. (C) Summary: Romanian MFA officials expressed cautious optimism that the new bilateral commission set up by President Traian Basescu and Ukrainian President Yushchenko could yield concrete results in resolving historic problems between the two countries such as competing territorial claims over Snake Island. The two presidents officially established the commission during Basescu's February 2-3 trip to Kiev. At the same time, the MFA noted that Basescu viewed the trip generally as "outreach" to help pull Ukraine towards NATO and the EU. A local Ukrainian Embassy officer acknowledged that Kiev is "trying to figure out" how to deal with these issues and Romania may indeed be able to play a helpful role. Whether or not the Yushchenko-Basescu commission actually proves effective, as a reliable NATO partner and soon-to-be EU member, Romania could provide a useful partner for Ukraine and other countries in the region that aspire to follow a similar path to membership in the two institutions. End Summary.

Yushchenko-Basescu Commission to "Tackle Tough Problems"

¶2. (C) MFA Director General for Eastern Europe Razvan Rusu and Director Raluca Neculaescu, gave poloff relatively upbeat readouts of Romanian President Basescu's February 2-3 visit to Ukraine. Rusu said Basescu had two primary goals: to launch a new joint presidential commission, with subcommittees to tackle "tough problems" and seek ways to deepen the bilateral relationship; and second, as a broader form of "outreach" to help pull Ukraine towards NATO the EU by encouraging concrete actions to strengthen westward ties. The two presidents also signed an agreement to open up several new customs checkpoints along their common frontier and pledged to open more consulates to serve their respective minorities on either side of the border.

¶3. (C) Rusu said the MFA "had already begun" efforts to put the new Yushchenko-Basescu presidential commission for addressing bilateral issues into action. He noted that the commission would have three subcommittees led by cabinet ministers focused on: 1) regional, European and Euro-Atlantic security; 2) cooperation on cultural, educational, and minorities-related issues; and 3) environmental protection and sustainable development. Specific issues to be addressed in the committees included human trafficking, Transnistria, Euro-Atlantic cooperation, delimitation of the continental shelf, restoration of the Danube-Black Sea navigation

channel, cultural exchanges, humanitarian cooperation, and regional economic interests in regional development. A special working group on Transnistria, chaired within the security subcommittee, will be co-chaired by Ukrainian Special Envoy for Transnistria, Dmytro Tkach, or his successor, and Romanian State Secretary Lucian Leustean. Rusu said Romania agreed to explore Yushchenko,s proposal of jointly exploiting natural gas and oil resources that may be found in the Black Sea. Yushchenko also offered to help store Romania,s spent nuclear fuel -- an offer Basescu suggested could also provide a possible alternative to domestic mining as a source of uranium.

14. (C) Turning to what Rusu called the broader "outreach" objective of the trip, Rusu said Basescu sought to encourage Ukraine to work towards meeting the "ideals of the Orange Revolution." This included actions toward liberalizing the economy, eventually meeting the EU acquis, and strengthening relations with its western neighbors. Rusu said that, in Romania's view, Ukraine needed to "show that it knows how to cooperate" in the region. Rusu said that if Ukraine stays on this road to the west, Romania would offer Ukraine its help to meet EU standards and serve as an advocate for Ukraine in Brussels. Despite these positive overtures from Bucharest, Neculaescu cautioned that the GOR "took a firm line on Romanian issues," including the environmental impacts of Ukrainian dredging in the Bystroe canal, minority rights, Snake Island, Transnistria, and Ukraine's ostensible \$600 million debt to Romania linked to an investment in a metallurgical facility. She commented that by starting this commission, they are "re-launching a dialogue on sensitive issues" that have long histories. But she expressed hope that the Yushchenko-Basescu commission would provide a forum for discussing the issues in a "constructive and deliberative manner."

#### A View from the Ukrainian Embassy: A "Step Forward"

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15. (C) Ukrainian Embassy first secretary Vitalii Timis characterized Basescu's trip to Kiev as a "step forward" for establishing future collaboration, settling long-standing conflicts, and helping guide Ukraine toward Euro-Atlantic integration. He opined that Yushchenko,s team is trying to figure out how to better interact with NATO and the EU and acknowledged "Romania knows how to deal with these issues.8 As for the specifics, Timis discounted the need for a subcommittee to look into minorities, rights. He asserted that this was simply Basescu,s way to play up a popular Romanian nationalistic theme. He said minorities, rights are not a problem for the 150,000 Romanians in Ukraine, or for the 100,000 ) 200,000 Romanians and Moldovans in Ukraine. He mentioned as proof that there were 94 schools for that community taught entirely in Romanian, whereas there was only one school in Romania for its 70,000 Ukrainians, with only partial teaching in Ukrainian.

16. (C) With regard to Snake Island, Timis expressed hope that that delimitation of the continental shelf would eventually be resolved with the help of the International Court of Justice in the Hague, and he believed that Ukraine would have "no problem" with the court,s findings. However, Timis also mentioned that Yushchenko,s proposal to develop a joint venture gas company to explore in the currently forbidden zone of the continental shelf was a Ukrainian attempt to resolve the border dispute outside of court. He mentioned that this joint venture, composed of Naftohaz Ukraine or Chernomor Naftohaz would also distribute gas to Romania. He said Ukrainian research estimates all point to significant gas deposits within the disputed area on the continental shelf.

17. (C) Timis characterized the emerging Ukrainian-Romanian relationship as being focused on future cooperation rather

than on old technical problems. Timis commented that these goals are &real, not just diplomatic declarations.<sup>8</sup> As for whether this westward trend would continue after Ukraine's upcoming parliamentary elections, Timis said it was difficult to judge. He expressed his view that there was &much more pressure from Russia than last time during the presidential elections,<sup>8</sup> and added that Russia had &already done its homework<sup>8</sup> to ensure that there would not be a similar outcome this time.

¶8. (C) Regarding Ukraine's recent gas deal with Russia, Timis said candidly that Russia insisted on RusUkrEnergo (RUE) being the intermediary company, that Russia did not want to disclose who were the shareholders of the firm, that only a few people in the Ukrainian government knew the details, and that there were suppositions that the ownership structure would trace back to Gazprom. Timis said Ukraine was just happy with the price.

¶9. (C) Comment: GOR interlocutors emphasize their policy towards Ukraine reflects a strong interest in resolving bilateral problems and helping draw Ukraine Westward. Basescu has also taken pains to cultivate a close connection to Yushchenko, which includes -- at least according to the Romanian president -- a regular dialogue by telephone with the Ukrainian leader. That said, our Romanian contacts at all levels continue to view with caution and skepticism developments taking place to the north. According to his Cotroceni advisors, Basescu is generally pessimistic about a positive outcome in Kiev's upcoming parliamentary elections, although he recognizes that the stakes are enormous and he has his fingers crossed for a Yushchenko-Tymoshenko reconciliation. But even during the heady days following Ukraine's Orange Revolution, Romanians remained skeptical while Romania itself experienced its own "orange" victory with the election of Basescu and his reform-oriented center-right government. This wariness, with roots deep in a problematic history between the two countries, is shared too by our Ukrainian interlocutors here. In the run-up to the Basescu visit to Kiev, the Ukrainian charge told DCM that while Russia was Ukraine's number one problem, Bucharest was "challenge number two" in the minds of his Ukrainian MFA colleagues back home. With Romania already a stand-out NATO partner, poised to join the EU, it could indeed represent an ally and a model for Ukraine, at least under the right circumstances. But it is also true that the level of distrust between Romania and Ukraine is considerable, and will not be overcome so readily. It is very much in our interest to promote closer ties and cooperation between these two key regional states -- and to be prepared to counsel restraint should old habits of thought and zero-sum thinking take hold anew. End Comment.

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